



Agenda Date: 01/18/01

Agenda Item:

STATE OF NEW JERSEY

Board of Public Utilities

Two Gateway Center

Newark, NJ 07102

WATER AND WASTEWATER

IN THE MATTER OF THE PETITION OF)	ORDER ADOPTING INITIAL
CONSUMERS NEW JERSEY WATER)	DECISION/SETTLEMENT
COMPANY FOR APPROVAL OF AN)	
INCREASE IN RATES FOR WATER)	BPU DOCKET NO. WR00030174
SERVICE)	OAL DOCKET NO. PUCRS04524-00S

(SERVICE LIST ATTACHED)

BY THE BOARD:

Pursuant to N.J.S.A. 48:2-21 and N.J.A.C. 14:1-5.12, on March 31, 2000, Consumers New Jersey Water Company ("Petitioner") filed a petition with the Board of Public Utilities ("Board") for authority to increase its rates for water service by approximately \$2.1 million or 14.14% over pro forma test year revenues. Petitioner serves about 34,700 customers in the municipalities of Phillipsburg, Pohatcong, Lopatcong, Greenwich and Harmony in Warren County, Holland, Lebanon and Califon in Hunterdon County, portions of Hamilton and Washington Townships in Mercer County, Chesterfield Township in Burlington County, Upper Freehold Township in Monmouth County, Gloucester Township in Camden County and Woolwich Township in Gloucester County.

PROCEDURAL HISTORY:

The matter was transmitted to the Office of Administrative Law ("OAL") and was assigned to Administrative Law Judge ("ALJ") Louis G. McAfoos, III. The Board issued its first Suspension Order suspending the effective date of the proposed rate increase in this matter on April 27, 2000. On August 17, 2000, the Board issued a Suspension Order further suspending the proposed rates to December 31, 2000.

The parties to this proceeding are the Petitioner, the Division of the Ratepayer Advocate ("Advocate") and Board Staff. On May 31, 2000, the Township of Hamilton ("Hamilton") filed a motion to intervene. Subsequently, on July 7, 2000, Hamilton filed a motion for permission to participate, which was granted by ALJ McAfoos.

A pre-hearing conference was held on July 12, 2000. A public hearing was held on August 7, 2000, at 1:00 pm and at 7:00 pm, in Gloucester and Hamilton Townships, respectively. One public official, a Freeholder from Gloucester County, spoke at the Gloucester Township public hearing.

Evidentiary hearings were held at the OAL in Quakerbridge Plaza, Mercerville, New Jersey on October 30, 31, and November 1, 2000.

Subsequent to the evidentiary hearings, the Petitioner, the Advocate, and Board Staff (collectively the "parties") engaged in settlement negotiations. As a result of those negotiations, an agreement was reached and a stipulation of settlement was executed ("stipulation"). By letter dated January 8, 2001, Hamilton, indicated that there is no opposition to the terms of the stipulation of settlement.

On January 4, 2001, ALJ McAfoos issued an Initial Decision recommending adoption of the stipulation executed by the parties, finding that the parties have voluntarily agreed to the settlement and that the settlement fully disposes of all issues in controversy and is consistent with the law.

STIPULATION:

As more fully set forth in the attached stipulation, the parties agree to:

1. an overall increase in annual revenues of \$400,000, which represents an increase of 2.7% over present pro forma revenues of \$14,771,858.
2. an overall rate of return of 9.22%, which includes a return on equity of 10.50%.
3. a test year utilized for the purpose of this stipulation as the twelve month period ending September 30, 2000.
4. pro-forma operating income at \$4,078,812.
5. the Petitioner's net rate base as \$44,249,588.
6. depreciation rates, by account, as shown on attachment 1 to the Stipulation.
7. no increase in public or private fire charges.
8. a tariff provision for an alternative public fire hydrant charge of \$603 per year, to eliminate the inch foot charge for municipalities that have five hydrants or less.
9. no increase to the termination and resumption of service charge.
10. a bad check charge equal to the actual bank charges incurred by the Petitioner.
11. the Petitioner not filing a petition requesting an increase in rates for water service prior to January 1, 2002.
12. the additional revenues of \$400,000 being generated as follows:

General Metered Services:

Facilities charges: The stipulation calls for a quarterly rate of \$20.94 for a 5/8-inch meter service. This represents approximately a 4.96% increase over the current \$19.95 rate. All other fixed service charges will be changed according to the capacity ratios of the American Water Works Association.

Consumption charge: The present rate of \$2.57 per 1000 gallons will increase to \$2.6352 per 1000 gallons, an increase of approximately 2.54%.

Based on this general metered service rate a residential customer utilizing 80,000 gallons per year will see their water bill go from \$23.78 per month to \$24.54 per month, a \$.76 per month change.

The Board, having reviewed the ALJ's Initial Decision, the stipulation of the parties and the record in this matter, HEREBY FINDS that the stipulation and Initial Decision are reasonable, in the public interest, and in accordance with the law. The Board HEREBY ADOPTS the stipulation and Initial Decision/Settlement of ALJ McAfoos as its own, as if fully set forth herein. The Board HEREBY ACCEPTS the tariff pages attached to the stipulation as consistent with the terms of the stipulation and effective for service rendered as of the date of this Order.

DATED: 1/18/01

BOARD OF PUBLIC UTILITIES
BY:

SIGNED

HERBERT H. TATE
PRESIDENT

SIGNED

FREDERICK F. BUTLER
COMMISSIONER

ATTEST:

SIGNED

FRANCES L. SMITH
SECRETARY